

GOSSIP OF WALL STREET.

A pronounced rise like that which is going on in Norfolk and Western stock, cannot be complete without the revival of the familiar rumor that the Pennsylvania and its subsidiaries are undervalued at about 10 per cent. of the outstanding Norfolk and Western stock, and it is naturally suggested that the company may be increasing these holdings. The Pennsylvania has for many years been a heavy investor in Norfolk and Western stock, and at times these holdings have been larger than others. In 1906 the Pennsylvania sold half of its holdings of Norfolk and Western stock along with other railroad stocks, but repurchased the Norfolk and Western stock in 1909. In March, 1909, additional amounts were acquired, and during the year 1911 these holdings were said to have been increased by \$24,000. Those who did not place any credence in these stories of further acquisition of the stock by the Pennsylvania thought the present large earnings of the company a sufficient basis for the advance. About 10 per cent. of the road's traffic is composed of bituminous coal and coke. The company's business this year was not affected by labor difficulties, as was the case with the anthracite roads, and the prospect is said to be for a decided increase of activity in the soft coal trade, with a heavy movement of coal to the Great Lakes over the Norfolk and Western and Panhandle route.

The *Pittsburgh Courier*, one of the leading organs in the grain trade, in its weekly summary of crop conditions says in its issue of June 27: "The week now ended has brought betterment in the general situation of growing crops. There are various localities where conditions are not as good as might be, but in a general survey the crop promise is favorable. The corn crop is belated and irregular in conditions under the replanting which have been required from bad seed and other adverse conditions, but a large proportion of the crop has a good yield and is under cultivation. With reasonable conditions hereafter the crop will soon assume a good shape. The weather has been lacking sufficiently of warmth. * * * Recent rains have restored conditions for wheat in sections west of the Mississippi River to a considerable extent where the dry weather was cutting down expectations, and the situation now is perhaps as favorable or approximately so as previous to the period of adverse conditions. The crop situation in the North-West maintains excellent promise, there having been sufficiency of moisture. The outlook for the total crop of wheat has not been lessened recently and possibly has improved."

London cables contained the report of the Anglo-American Oil Company, Ltd., for the fiscal year. Earnings were stated as having decreased \$140,000 from the preceding year. After the payment of dividends of 20 per cent. there was left \$270,000 to be carried forward to surplus account. Before the dissolution of the Standard Oil Company the Anglo-American Oil Company carried most of the Standard Oil Company's product in Great Britain, being one of the largest oil concerns in that country. With the disintegration of the Standard Oil Company the stock of the Anglo-American, formerly all owned by the trust, passed into the hands of the stockholders. The Standard Oil Company's previous reports of the company were made in 1906, when \$729,810 was paid in dividends, and in 1908, when \$2,434,367 was paid. Last year \$1,000,000 was distributed in dividends.

The report of the New York, Ontario and Western in the matter of earnings statements during the last year accounts for the keen interest now taken in the situation of the directors of the road at the dividend meeting which will probably be held to-day. In the fiscal year 1911 the company failed to earn the 10 per cent. annual dividend by a small margin. In the present fiscal year earnings showed an increasing tendency to fall off and in company with the other anthracite roads the Ontario and Western suffered severely from the strike of the coal miners in April, the report for that month showing an actual deficit in net earnings. J. P. Foweraker, who has announced his intention of resigning his office in the present year, is quoted as follows when asked for an expression of opinion concerning the outlook: "One man's opinion is as good as another and views may differ, but I imagine most every one will have one conclusion as to the outlook if coal rates are lowered and wages are increased."

The New Haven through its control of the Ontario and Western at the current rate of distribution obtains a revenue of \$500,000 on its holdings. In the event of a reduction or passing of the Ontario and Western dividend at this time the loss to the New Haven would not appear in this year's income account, as the dividend is payable in August and would therefore appear in the statement for the fiscal year ending June 30, 1913.

The weekly reports of the great foreign banks dissipated whatever apprehensions remained of trouble abroad at the end of the month. Beside the heavy inflow of gold for German account the Bank of England showed a proportion of reserve to liabilities of 45.42 per cent. as against 45.00 per cent. last week. The lowest percentage of the year this far was 35.35 per cent. on January 5. The Bank of France, although reflecting the demands usual at this season, made a favorable showing. Loans were increased, but cash also increased moderately.

Of all the stocks that went from the curb to the Stock Exchange yesterday the only one in which any notable degree of activity developed was Woolworth common, which made a further advance of 1/8 point on heavy trading. Dealings in the stock, in fact, were heavier than they have ever been on the curb market, and it was predicted that the stock would shortly become an active feature. A week ago when the stock was selling on the curb around 87 the announcement that preparations were being made to list the shares on the exchange was the signal for a similar outburst of activity and strength, the price on that occasion rising about 19 points.

Philadelphia reported yesterday that it had finally disposed of the last of the recent issue of \$24,250,000 4 per cent. bonds and that the bonds are now quoted in the curb market at 101 to 101 1/2. This compares with a quoted price of 100 1/2 to 100 3/4 for the recent issue of New York city 4 1/2 per cent. bonds and with 100 1/2 to 100 3/4 for the last issue of New York State 4s. The city refunded a bid of 100.39 for the entire issue and by making its appeal to the small investor managed to get 100.75. This compares with a quoted price of 100 1/2 to 100 3/4 for the recent issue of New York city 4 1/2 per cent. bonds and with 100 1/2 to 100 3/4 for the last issue of New York State 4s. The city refunded a bid of 100.39 for the entire issue and by making its appeal to the small investor managed to get 100.75. This compares with a quoted price of 100 1/2 to 100 3/4 for the recent issue of New York city 4 1/2 per cent. bonds and with 100 1/2 to 100 3/4 for the last issue of New York State 4s.

DAILY TREASURY STATEMENT.

WASHINGTON, June 27.—The statement of the receipts and expenditures of the Treasury shows: Receipts, \$1,271,219,435; Disbursements, \$1,271,219,435; Balance, \$1,271,219,435. The statement of the United States Treasury for June 26 shows: Receipts, \$1,271,219,435; Disbursements, \$1,271,219,435; Balance, \$1,271,219,435. The statement of the United States Treasury for June 26 shows: Receipts, \$1,271,219,435; Disbursements, \$1,271,219,435; Balance, \$1,271,219,435.

WHY United Cigars?

Are great Manufacturing and Retailing enterprises to attract the accumulations of capital which formerly sought investment in Railroad expansion?

WHY Dow, Jones & Co. BULLETINS?

Wall Street gets most of its financial truth, and gets it earliest, through the Bulletins and Page Printing Machines of Dow, Jones & Co., who are recognized as the leading collectors and distributors of Financial News in the United States.

WHEN THE DOW-JONES BULLETINS PRINTED A DIGEST OF THE FUNDAMENTAL PRINCIPLES UNDERLYING THE ORGANIZATION OF THE UNITED CIGAR STORES CO. THE STOCK WAS SELLING AT UNDER \$210 PER SHARE. THIS WEEK IT SOLD AT \$250.

No Wall Street man can afford to be other than a close student of the Bulletins of Dow, Jones & Co.

The following is an example of the analytical articles that will often be found therein:

RETAIL STORES AS INVESTMENTS

(From the Dow-Jones Bulletins May 20th, 1912)

Until recently railroad transportation was the expanding business of the United States, absorbing the major portion of the accumulating investment funds of the country. Now capital is turning steadily to industrial enterprises.

President Whelan of the United Cigar Stores Co., to which the Supreme Court has just given a clean bill of health by forcing out the American Tobacco Co. and twenty-eight co-defendants from ownership therein, tells his friends that manufacturing and retailing are the only lines left for profitable enterprise.

He has backed his opinion with his fortune and purchased from the defendant litigants all their remaining United Cigar Stores Co. shares at under \$200 per share, thus assuring himself practical control of the business he has been all his life developing.

What his profit in the future may be is not of such general interest as is a valuation of the business principles which enable this company to cut the prices of standard goods 15 to 20 per cent. proclaim that a nickel in the dollar is all the retail profit it seeks, and yet maintain the faith that retailing is to be in this country one of the great bases for investments.

The principles under the United Cigar Stores business appear to be these:

1. Make your directors your partners, pay them a percentage of the profits, but only from the growth of the business; and permit them to have no other business life or thought.
2. The business must be of such size that it can command the lowest prices at wholesale and sell at the lowest prices at retail, making the quickest turnover and insuring the freshest goods; and can also command the best brain staff in every department from store renting and furnishing to counter work, where every lost motion must be eliminated.
3. Capital must be maintained requisite to meet every problem of change or growth.

A study of this field becomes important to financial, investment and business interests, because therein some of these principles appear to have reached their highest development to date.

The old system was to raise capital by the credit of names of directors, who engaged men to superintend the work of others. A third or lower degree furnished both the labor of brain and hand.

With the tremendous accumulation of capital throughout the civilized world credit is fleeing great names and passing to craftsmanship, which means the combination of labor of brain and hand.

The late Marshall Field forced his partners steadily out of the business when they had accumulated an independence. J. P. Morgan said the difficulty in the U. S. Steel Corporation was to find a president who did not require all his time to spend his income.

The business of the United Cigar Stores begins with an organization of forty to fifty real estate experts that it has taken years to train. This department costs \$200,000 per annum. These experts study desirable business locations. Trained watchmen with automatic counters number the passers-by and value them as respects possible customers. Thus fundamentally the United Cigar Stores Co. has a grasp

on real estate problems such as is possessed by no other institution in the country.

This may be illustrated by a recent incident in Connecticut. An agent of the Cigar Stores real estate department valued up scientifically an idle property, leased it from its wealthy owner, cut out the section desired for a store, and rented the balance, so that the company had its store rent free and \$1,500 per annum besides.

Jewelry stores, restaurants and many other forms of business are occupying property owned in fee, or under 99-year lease by the United Cigar Stores Co. The company knows exactly the value of such locations to its own business, and if anybody else can afford to pay more he can have the premises; the cigar store moves elsewhere, and the company keeps the real estate profit.

The real estate investments of this company stand on its books at \$245,000. An offer of \$100,000, or the entire par value of the corporation shares, would not be looked at. It is this real estate investment which it is now planned to capitalize at \$10,000,000 for the benefit of the stockholders and expand by sales of bonds in Europe.

It will not, as has been erroneously reported, sell the same to its stockholders; for the company is in no need of money. It is said to have at times more than a couple of millions in cash on hand.

The United Cigar Stores Co. aims to turn its business every fortnight and the central organization knows the daily demand for every brand of goods. The central warehouses are not permitted to keep over 15 days' stock. Little need has the company for capital, considering that it sells for cash; but like every business it can find uses for reserve funds, and especially when it is doing a tremendous real estate business that must necessarily, for purposes of economy, expand beyond the lines of its own trade.

The United Cigar Stores Co. can claim no credit in invention for the economical size of its stores. This was an adaptation from London. In the old days a retail merchant took most any kind of a store that was cheap enough and big enough. Space seemed to have value irrespective of what use he might make of it. If his store was wide, or deep, he spread out his stock or dressed up empty cases to give an appearance, little dreaming of the economic waste in the handling of goods over large store spaces. But should the United Cigar Stores Co. purchase or rent 10 feet of frontage and 150 feet of depth it would cut out of that space exactly the cubic space needed to do its business without any lost motion of human hands or feet. It would consider it the highest economy to throw away the balance of the space if it could not be rented.

On this principle a London tobaccoist multiplied his stores, and to occupy vacant spaces restaurants were established where expansion could be had in the rear of street entrance. These are now worth \$25,000,000 in the city of London alone and sell on the London Stock Exchange as the Lyons Restaurants, Limited.

It takes time as well as talent to develop such a business as the United Cigar Stores Co. is now upbuilding. But the future here should be watched and studied by business and investment interests; for President Whelan may be right in his faith that manufacturing and retailing are to be the basis in the future for the profitable investments of this country.

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Publishers of the Wall Street Journal

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DIVIDEND DECLARATIONS.

Company and Term.	Stock	Rate	Payable
American Coal Products Co., quarterly	com.	1 1/2	July 1
American Coal Products Co., quarterly	prfd.	1 1/2	July 15
Ames National Bank, quarterly	com.	2	July 1
Bell Telephone Co. of Pa., quarterly	com.	1 1/2	July 15
Bush Terminal Co., semi-annual	prfd.	3	July 1
Bush Terminal Co., semi-annual	com.	2	July 15
Central Acquire Sugar Companies, quarterly	prfd.	\$2	July 1
Delaware, Lakeland and Western R. R. Co., quarterly	com.	3 1/2	July 30
El Paso Consolidated Gold Mining Co., quarterly	com.	1	July 1
First National Bank, Chicago, quarterly	com.	8	June 29
First National Bank, Chicago, special	com.	1 1/4	June 29
Massachusetts Lighting Co., quarterly	com.	1 1/4	July 15
P. A. Y. R. R. Co. of Delaware, quarterly	prfd.	1 1/4	July 15
Pittsburgh Coal Co., quarterly	prfd.	1 1/4	July 25
Rio de Janeiro Tramway, Light and Power Co., quarterly	com.	1 1/4	Aug. 1
Wells Fargo Express Co., semi-annual	com.	5	July 15

CENTRAL TRUST COMPANY OF NEW YORK

54 Wall Street

Statement of Condition June 14, 1912

RESOURCES	LIABILITIES
Bonds and Mortgages, \$1,569,328.95	Capital Stock, \$3,000,000.00
Public Securities, Market Value, 5,542,881.25	Surplus, 15,000,000.00
Other Securities, Market Value, 24,414,147.41	Undivided Profits, 2,110,423.53
Loans, 51,010,628.14	Deposits, 101,425,301.59
Real Estate, 1,007,208.87	Reserved for Taxes, 192,499.80
Cash in Banks, 29,438,047.43	Accrued Interest, 1,226,602.53
Cash in Vault, 9,338,182.40	Secretary's Checks, 4,493.27
Accrued Interest, 639,096.27	
Total, \$122,959,520.72	Total, \$122,959,520.72

OFFICERS

JAMES N. WALLACE, President
E. FRANCIS HYDE, Vice-President
BENJAMIN G. MITCHELL, Vice-President
MILTON FERGUSON, Secretary
FRANK B. SMIDT, Assistant Secretary
DUDLEY OLCOTT 2d, Vice-President
GEORGE W. DAVISON, Vice-President
C. P. STALLKNECHT, Assistant Secretary

\$25,000,000

The Virginian Railway Company

First Mortgage 5% Fifty-Year Gold Bonds

Dated May 1, 1912

Due May 1, 1962

Interest payable May 1 and November 1

Coupon bonds of \$1,000, \$500 and \$100 each, and fully registered bonds of \$1,000, \$5,000 and \$10,000.

Callable, as a whole or in part, on any interest day at 110 and accrued interest

Application will be made to list these Bonds on the New York Stock Exchange

THE FARMERS' LOAN AND TRUST COMPANY, NEW YORK, TRUSTEE

Total now outstanding	\$25,000,000
Reserved for future acquisitions under careful restrictions	50,000,000
Maximum authorized issue	\$75,000,000

The Virginian Railway Co. owns and operates 470 miles of railroad from Deepwater, W. Va., through the Pocahontas and New River coal districts to Norfolk, Va. The construction and equipment is of the highest modern type. Although this is a new road, only three years in operation, the Company's net earnings have equalled or exceeded its present interest charges every year except the first and are steadily increasing. From a letter of Mr. U. H. Broughton, President of the Company, and the independent reports of Mr. L. F. Lorie, the President of the Delaware & Hudson Co., Mr. I. C. White, State Geologist of West Virginia, and Mr. W. H. Coverdale, Consulting Engineer, copies of which will be sent upon request, we summarize as follows:

First Mortgage on entire present properties, including terminals and equipment (except for \$2,437,000 equipment notes, due serially, 1912-1918, on a part of the equipment). Will also cover all after-acquired property.

Actual cash cost of these properties more than \$50,000,000, or about twice the total funded debt (\$27,437,000).

These bonds are outstanding at the low rate of about \$32,000 per mile, after deducting net cost of tidewater terminals and equipment under the mortgage.

Net Earnings, Twelve Months to February 29, 1912	\$1,679,610
Fiscal year to June 30, 1912 (4 months estimated)	1,800,000
Fiscal year to June 30, 1913 (estimated)	2,600,000
Present Interest Charges (including interest on these bonds)	\$1,371,850

Rapidly Growing Business.	Coal Tonnage	Gross Earnings
Year ending June 30, 1910	930,000	\$2,063,190
Year ending June 30, 1911	2,141,000	3,671,224
Present annual rate	3,400,000	4,850,000
Estimate for 1913	5,000,000	
Estimate for 1914	6,000,000	

Coal tonnage tributary to the road, as now constructed, is estimated at four billion (4,000,000,000) tons. The Pocahontas and New River veins contain the best bituminous coal produced in the United States. The Virginian Railway, by reason of its low grades and superior equipment, can successfully compete with any rates to tidewater, and will therefore continue to obtain a large percentage of the inevitably great development of this tonnage. This road also traverses large agricultural and timber districts.

The Company has no floating debt. There is available for additional equipment and improvements \$1,500,000 cash, covering all requirements for 1912.

Having sold over \$24,000,000 of the above \$25,000,000 we offer the remainder subject to advance in price AT 99 AND INTEREST, YIELDING OVER 5 PER CENT

Temporary negotiable receipts of the National City Bank will be delivered pending the delivery of engraved bonds.

All legal matters relating to this issue have been passed upon by our counsel Messrs. White & Case of New York or Messrs. Ropes, Gray & Gorton of Boston.

NATIONAL CITY BANK
DREXEL & CO.

LEE, HIGGINSON & CO.
KISSEL, KINNICUTT & CO.

BANKERS TRUST COMPANY

Coupons Due July 1, 1912

payable at the

Bankers Trust Company, 16 Wall Street, New York

American Telephone & Telegraph Co., Collateral Trust Mortgage 4s.	LeRoy & Caney Valley Air Line, 1st Mortgage 5s.
American Telephone & Telegraph Co., Dividend Coupon.	Lisk Manufacturing Co., Ltd. 1st Mgt. and Collateral Trust 6s.
Arkansas Valley Sugar Beet & Irrigated Land Co., Sinking Fund 5s.	Mexican Central Railway Co., Equipment 5s, Series 10.
Atlantic & Danville Railway Co., 1st Mortgage 4s.	Missouri Pacific Railway, 2nd Mortgage 5s.
Brooklyn City & Newtown Railroad Co., 1st Mortgage 5s.	Montgomery, City of, All Issues.
Brunswick-Balke-Collender, Dividend Coupons.	Newport News Light & Water Co., 1st Mortgage 5s.
Buffalo & Niagara Falls Electric Ry. Co., 1st and 2nd Mgt. 5s.	New York & Westchester Lighting Co., 1st Mortgage 6s.
Cambria Fuel Co., Purchase Money Mortgage 6s.	New York & New England Cement & Lime Co., 1st Mortgage 6s.
Central Railroad Co. of South Carolina, 1st Mortgage 5s.	Norfolk City Railroad Co., 1st Mortgage 6s.
Chamber of Commerce Safety Vault, 1st Mortgage 5s.	Norfolk & Western Railway Co., 1st Lien and General 4s.
Chicago & Eastern Illinois Railroad Co., Ref. and Imp. 4s.	North Platte Canal & Colonization Co., Joint 6s.
Chicago, Memphis & Gulf Railway Co., 1st Mortgage 5s.	Northern Ontario Light & Power Co., 1st Mortgage 6s.
Chico Copper Co., 1st Mortgage 6s.	Northwestern Terminal Railway Co., 1st Mortgage 5s.
Cobalt Hydraulic Power Co., 1st Mortgage Sinking Fund 6s.	Noxubee County, Mississippi, Court House 5s.
Coney Island & Brooklyn Railroad Co., Consolidated Mgt. 4s.	Pacific Gas & Electric Co., Gen'l & Refunding Gold Series A & B.
Conley Manufacturing Co., 1st Mortgage 6s.	Pacific Telephone & Telegraph Co., Year Gold Notes July 5.
Conner Lumber & Land Co., 1st Mortgage 6s.	Pan American Trans Continental, Debenture 5s.
Corona City Water Co.	Philippine Railway Co., 1st Mortgage 4s.
Denver, City of, All Issues.	Pittsburgh Coal Co. of Pennsylvania, Sinking Fund 5s.
Denver Omnibus & Cab Co., 1st Mortgage 5s.	Pontiac, Oxford Northern Railroad Co., 1st Mortgage 6s.
Detroit & Toledo Shore Line Railroad Co., 1st Mortgage 4s.	Portsmouth Street Railroad & Light Co., 1st Mortgage 5s.
East Jersey Water Co., 1st Mortgage 5s.	Purity Malt Brewing 1st Mortgage 6s, July 1st.
East Liverpool, City of, Water Works 4s.	Railway, City of, Water Works 4s.
Ellisburgh, City of, Adjustment, 4s.	Rock Island Improvement Co., Equipment 4 1/2 Series A.
Ellisburgh Gas Light Co., 1st Mortgage 4 1/2s.	Rogers Brown Iron Co., 1st and Refunding Mortgage 5s.
Equitable Life Assurance Society, Debenture Mortgage.	Rogers Light & Water Co., 1st Mortgage 6s.
Evansville & Indianapolis Railroad Co., 1st Consolidated 6s.	St. Louis Iron Mountain & Southern Ry. Co., Unitary & Ref. 4s. & 5s.
Evansville & Indianapolis Railroad Co., 1st Mortgage 6s.	St. Louis & San Francisco Railroad Co., General 5s.
Evansville & Terre Haute Railroad Co., 1st Consolidated 6s.	St. Louis & San Francisco Railroad Co., General 5s.
Everett Water Co., 1st Mortgage 5s.	St. Louis & San Francisco Railroad Co., Consolidated 4s.
Fellsmere Farms Co., 1st Mortgage Sinking Fund 6s.	St. Louis, Memphis & South Eastern Railway Co., 1st Mgt. 4s.
Fellsmere Farms Co., Debenture Mortgage 5s.	St. Louis & Southwestern Railway Co., 2nd Mortgage Income 6s.
Francisco Sugar Co., 1st Mortgage Sinking Fund 6s.	Sheboygan Light & Power Co., 1st Mortgage 5s.
General Railway and Signal Company, 1st Mortgage 6s.	Southern Bell Telephone & Telegraph Co., 1st Mortgage 5s.
Gray National Telegraph Co., 1st Mortgage 6s.	Southern Bell Telephone & Telegraph Co., 1st Mortgage 5s.
Great Western Power Co., 1st Mortgage 5s.	Texas & Pacific Railway Co., (Louisiana Division 5s.)
Greenwich Country Club, 1st Mortgage 4s.	Times Printing, 1st Mortgage 6s.
Gulf & Ship Island Railroad Co., 1st Mortgage 5s.	United Gas & Electric Co., 1st Mortgage 5s.
Hocking Valley Products Co., 1st Mortgage Sinking Fund 5s.	United States Brewing Co., Debenture 5s.
Hudson River Pulp & Paper Co., 2nd Mortgage 6s.	Westchester Electric Railroad Co., 1st Mortgage 5s.
Indianapolis & Eastern Railroad Co., 1st Mortgage 5s.	West River Water Supply Co., 1st Mortgage 5s.
Indianapolis Water Co., 1st and Refunding Mortgage 4 1/2s.	Western Electric Co., 1st Mortgage 5s.
Interborough Metropolitan Co., Gold Notes 6s.	Western Maryland Railroad (Ref. Certificate) 5s.
International Cotton Mills, Corporation 6s Con. Gold Notes.	Westinghouse Electric & Manufacturing Co., Debenture Mgt. 5s.
Iowa Gas & Electric Co.	Wheeling & Lake Erie Railroad Co., Equipment 5s.
Kansas City Elevated Railway Co., General Mortgage 4s and 6s.	
Kansas City Northwestern Railway Co., 1st Mortgage 5s.	
Knox Consolidated Coke Co., 1st and Refunding 5s.	
Knox Consolidated Coke Co., 1st & Consolidated Mgt. 5s.	

Capital, \$10,000,000 Surplus, \$10,000,000